

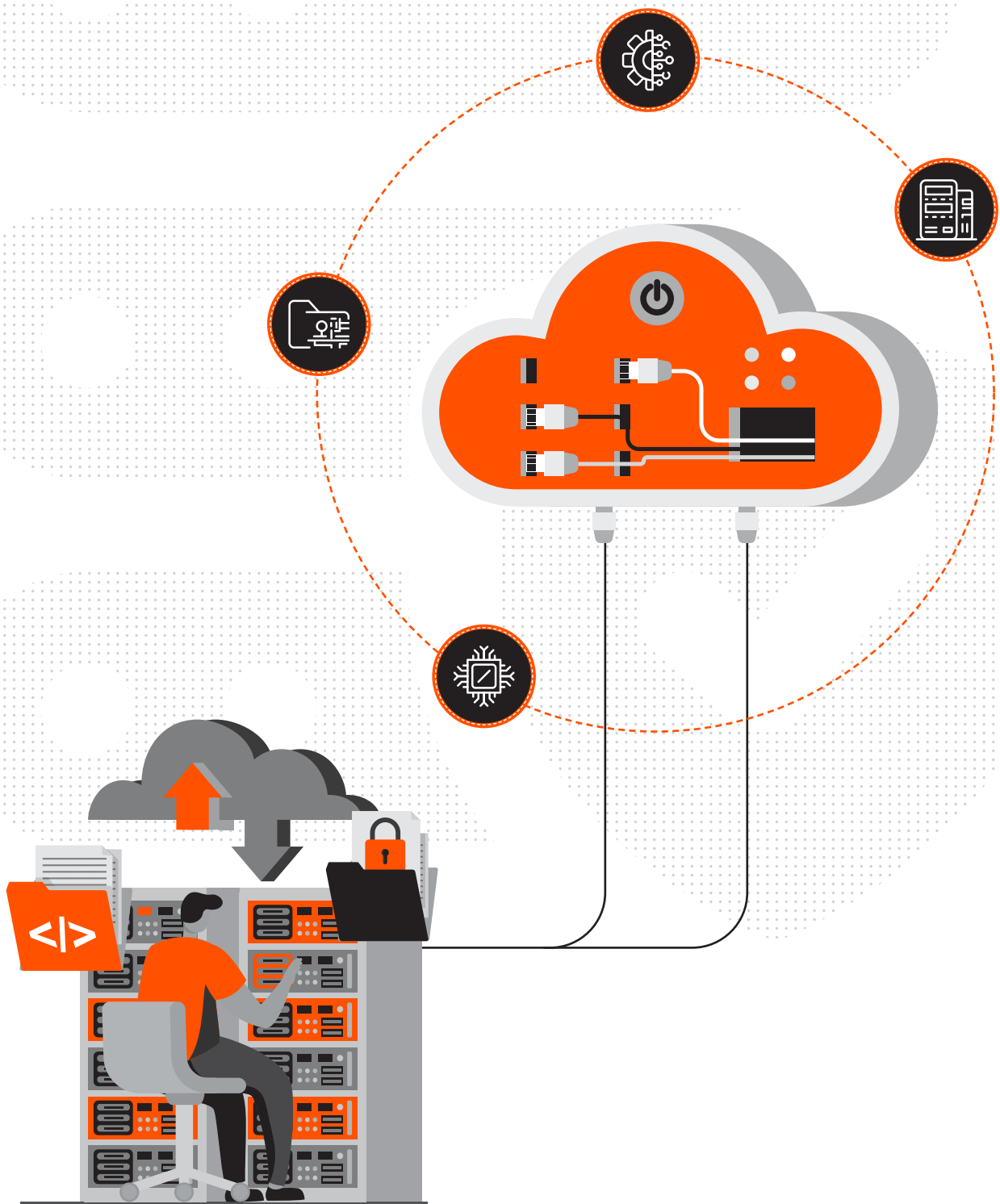


# Expanding our **Reach**

Annual Report **2022**

Corporate Report  
& Compliance Statements







[www.onesti.com](http://www.onesti.com)



To read the Annual Report online,  
scan the QR Code:



or visit <https://bit.ly/OMESTI-FY2022>



# VOLUME 1

## CORPORATE REPORT & COMPLIANCE STATEMENTS

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# MANAGEMENT DISCUSSION & ANALYSIS

## BACKGROUND

Throughout the financial year ended (FYE) 31 March 2022, the businesses of the OMESTI Group continued to be affected by the impact of the COVID-19 Pandemic (Pandemic) and, more recently, by the fall-out of the war in Ukraine, including rising costs and supply chain disruption.

While new variants of the COVID-19 virus began to emerge, the national vaccination programme was gradually rolled out to the Malaysian population. However, operations for large sectors of the economy remained restricted. This continued the slowdown in the announcement and award of new projects, particularly by organisations in the public sector, where preservation of operating capital continued to be the priority.

Against this backdrop, many clients pushed ahead with their efforts to expedite digitalisation of existing ICT (Information & Communications Technology) systems and introduce new digital solutions. The OMESTI Group of companies has made every effort to maximise these opportunities.

As has always been the Group's mission, OMESTI strives to work with its clients as an Innovation Partner, in this case a mission made even more important by the need for its clients to continue to adapt their operations in order to sustain and survive in the Pandemic and post-Pandemic environment.

One of the biggest challenges encountered during the period continued to be that of managing talent. Coordination of project activities and communication with staff has, by necessity, been via virtual or, in the latter stages of the financial year, hybrid modes. This has placed additional pressures on employees and management alike, a situation further exacerbated by a significant shortage of suitably qualified and experienced individuals available in the market.

## BUSINESS OVERVIEW

### BUSINESS PERFORMANCE SERVICES



Technology for enterprise architecture, digital court infrastructure, core banking and insurance platforms, cloud/analytics/mobile applications and large-scale complex ICT systems integration projects. Authorised Systems Integrator for Huawei.

### HEALTHCARE SERVICES



Provision of Medical & Pharmaceutical Services; Wholesale & Retail Trading of Pharmaceutical Products; Digitalisation of Healthcare Operations.

### AS-A-SERVICE SOLUTIONS



Leveraging large-scale deployment expertise to provide a range of powerful digital and data solutions that help businesses digitalise operations.

### DIGITAL & INFRASTRUCTURE SERVICES



Build/Operate/Maintain telco-neutral Infrastructure; Fibre Construction/Provision of Fibre Services; Managed Network Solutions & Hosted Applications; 5G Implementation.

### TRADING & DISTRIBUTION SERVICES



Trading and systems integration of hardware and software solutions from industry-leading principals including Hitachi Vantara, HP Enterprise, IBM, Lenovo, Oracle, Sangfor Technologies and Stratus Technologies; Partnerships with Amazon Web Services (AWS), Alibaba, Google and Microsoft.

## REVIEW OF OPERATING ACTIVITIES

During the period under review, the Group has worked to further enhance its digital solutions offering and enable its clients to quickly adapt to the ongoing economic uncertainty caused by the Pandemic. This has seen the roll-out of several new and augmented digital initiatives, all in keeping with the Group's mission to work as Innovation Partner alongside its clients. In support of this, the Group's Innovation Team has focused on building an expanded skillset. This has covered:

### Machine Learning (ML)/ Artificial Intelligence (AI)



The Innovation Team has been deployed on a broader range of ML/AI work-scopes to develop wider capability in the management of such projects.

### Cross Platform Mobile Development



Adapting to new technology such as Flutter has enabled the Team to build cross-platform mobile applications that can share a similar codebase and specifications. This helps to reduce development time, while improving internal resource management and enhancing the client experience.

### DevOps



As technology specifications become more complex, the Innovation Team has fine-tuned its work processes in order that engineers are able to work on both development and technology operations. This includes integration of Continuous Development and Continuous Integration, usage of Kubernetes and Containers, and building cross-functional team skillsets.

### Suara Kami Speech-To-Text Platform



During the financial year, the MI/AI team has worked to continuously improve the algorithm to provide speech-to-text capabilities in multiple languages, primarily Bahasa Melayu. This core capability will be expanded to enable other applications (internal and external clients) to access Speech-to-Text services.





## PUBLIC SECTOR

The Group's track record in deploying technology for public sector clients dates back nearly 40 years to the company's original inception. Over this period, the Group has successfully executed a diverse range of large-scale, multi-stakeholder projects. During FYE 31 March 2022, primarily due to the continued impact of the Pandemic, large ICT projects deriving from the public sector declined.

The majority of funds allocated by the Malaysian Government for ICT development expenditure were transferred out for other uses. ICT spending by public agencies was therefore slashed significantly, whereby many large ICT projects from these agencies were shelved due to funding constraints, despite the funds having been allocated in their annual spending budget. As a result, many of the tenders for large projects in which the Group participated during the period were subsequently deferred or postponed indefinitely.

Government spending on ICT predominantly went to operational expenses. Public agency spending was allocated for the renewal of annual support maintenance, continuing subscription of software licences and rental/leasing of computers. In addition to this, a number of smaller scaled ICT infrastructure projects were tendered and awarded.

Total new orders during the period deriving from the government sector amounted to RM15 million, and from GLC organisations amounted to RM13 million. Orders received from Tenaga Nasional Berhad were valued at RM9.3 million and from Oil & Gas Maintenance contracts at RM3.5 million. Orders from Jabatan Pengangkutan Jalan (JPJ) infrastructure totalled RM4.5 million and from Perbadanan Putrajaya HCI at RM2.4 million.

## TELCO SECTOR



This major project, valued at RM95.58 million, was awarded by Telekom Malaysia Berhad (TM) in April 2020. The scope of work has involved the implementation of a state-of-the-art, integrated CRM (Customer Relationship Management) and Billing platform, using Huawei Technologies' BSS (Business Support Systems) technology. OMESTI is an Authorised System Integration Partner for Huawei, one of only five Tier 1 implementers in the world.

A multi-phase schedule has seen the gradual rollout of system capabilities to support business operation needs through simplified processes for faster go-to-market. One of the most significant milestones achieved during the period has been the successful Data Migration of Phase 1 of the TM BSS Project.

In spite of repeated lockdowns and significant project challenges, the team worked hard to keep the delivery schedule on track. The cutover and migration from legacy systems to the new Huawei BSS suite progressed smoothly with subsequent phases of the project also being rolled out successfully.



**A major component of the Group's work continues to derive from large-scale ICT projects for organisations in the public and GLC sector, with a technology focus.**



## DIGITAL COURT INFRASTRUCTURE

## eCOURTS

With the stringent restrictions placed on physical operation of the Courts due to the Pandemic, rapid deployment of agile new features of the eCOURTS platform to enable increased virtual functionality has been essential.

With a robust digital courts platform already in place across Malaysia, it has been possible to roll-out these new features quickly and seamlessly. Among the new features deployed during the period are:

- **Further Roll-Out of Online Traffic Summons Portal (e-PG)**, designed to assist the Malaysian Courts dispatch the typically heavy caseload of traffic offences more efficiently. The second phase of the roll-out of Malaysia's digital courts e-PG module has been deployed with the module now available at 22 court locations across Kuala Lumpur, Selangor, Negeri Sembilan and Putrajaya.

The e-PG module enables Malaysian motorists to enter a guilty plea for traffic offences, including via their mobile phone, without having to physically appear in court.

- **Online Payment Module for Fines (e-Denda)** introduced in Kuala Lumpur Court Complex, Shah Alam, Court Complex and the Selayang Court in Selangor. Through the implementation of the module, members of the public no longer need to go to court payment counters, thus expediting the process of fines payment and release of the accused. The Court has targeted to expand the use of e-Denda for other Courts during 2022.
- **Electronic Record of Appeal (eRekod Rayuan)** This feature enables the court to prepare a Record of Appeal in the Case Management System (CMS). The system is able to generate an index page (table of contents) and stamp page numbers in all the documents automatically.
- **Criminal Offence Statistics Reports** This search and retrieve feature enables Court Officers to extract statistic reports based on criminal offence.

The success of the ongoing digitisation of the Courts in Malaysia has attracted significant interest and enquiries from several international jurisdictions across the Asia region, where the integrated digital courts solution is being marketed under the brand name **AMIRIS**.

 <https://amiris-courts.com/>



OMESTI Berhad launched its new Healthcare Division via its Vaccin8 Programme on 27 July 2021. This was achieved following OMESTI's investment in Bemed Tempua Sdn Bhd, a pharmaceutical company which was granted the approval to acquire an initial allocation of one (1) million doses of the Sinovac vaccine from Pharmaniaga LifeScience Sdn Bhd.

The COVID-19 vaccination programme provided a safe, fast and convenient avenue to vaccinations for Malaysian companies to protect as many of their employees as possible, helping businesses to resume normal operations more quickly. Authorised by the JKJAV (Jawatankuasa Khas Jaminan Akses Bekalan Vaksin COVID-19) and the Ministry of Health Malaysia, the Vaccin8 Programme enabled OMESTI to lend its support to the National COVID-19 Immunisation Programme (NCIP).

Following this initial investment, and as part of the Group's strategy to gain a stronger foothold in the healthcare industry, in November 2021, OMESTI acquired a 70% stake for RM15.8 million in the remaining companies within the Bemed Group.

This acquisition expanded OMESTI's footprint in the pharmacy sector to a total of ten (10) existing outlets, adding trading and retail sale of pharmaceutical products, orthopaedic and medical goods, perfumery products, cosmetics and toiletries to its portfolio. Two additional pharmacy branches have also been opened recently.

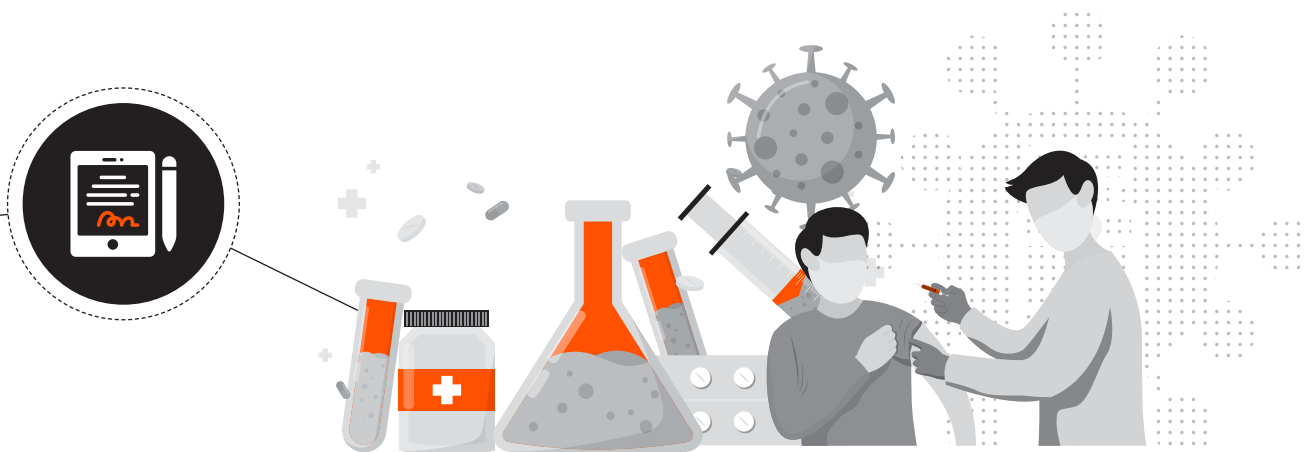
In May 2022, a joint venture company (JVC) has also been established with Medical Innovation Ventures Sdn Bhd (Mediven®) for the purpose of setting up and operating a diagnostics and test laboratory, to conduct, amongst others, PCR (Polymerase Chain Reaction) testing. The first laboratory, located in Penang, will be operated on behalf of the JVC by Mediven® technicians, and backed by Mediven's comprehensive diagnostics technology and expertise.

OMESTI's own in-house technology expertise will be deployed to bring about the full digitalisation of its healthcare operations, putting the patient and consumer at the heart of the ecosystem. This digital ecosystem will be rolled out in phases, and will ultimately span the entire medical requirements chain with services ranging from e-consultations with medical professionals to diagnosis, through to prescription issue and fulfilment, follow-up consultation and purchase of general medical supplies via the Group's digital pharmacy portal.

As Malaysia transitions into the endemic phase of COVID-19, OMESTI will continue to explore new opportunities in the healthcare segment and expedite the growth of its healthcare services portfolio, with an aim to enable full-scale delivery of healthcare digitisation projects.



<https://vaccin8.omesti.com/>



## VIRTUAL MEETINGS



The Group's NextAGM solution came into its own during the period with many clients utilising the platform for virtual and hybrid meetings, enabling a larger proportion of stakeholders to safely participate irrespective of their location.

This has continued even after lockdown restrictions were eased. As a result, companies are able to conduct professional meetings at affordable cost, while minimising the need for travel and achieving a subsequent reduction in carbon footprint.

The solution is offered complete with a full scope of services and technical support, as well as professional company secretarial services. This ensures full compliance and transparency to meet the relevant statutory requirements.

User-friendly and easy to use, the platform includes end-to-end processes from pre-meeting, actual meeting up to post-meeting reporting and auditing. Enhanced security with eKYC (electronic Know Your Customer) is also provided for identity verification and authentication.



<https://next-agm.omesti.com/>

## eCOMMERCE SOLUTIONS

In order to support and assist retailers in bridging the gap between existing legacy systems, OMESTI has generated an eCommerce development framework with features that include ML/AI and data analysis capabilities enabling retailers to obtain accurate picture of their pipeline.

## ePAYMENT SYSTEMS & SELF-SERVICE KIOSK PLATFORM



With the additional constraints brought about by the Pandemic, the Self-Service Kiosk (SSK) space is becoming more dynamic, with more companies looking to provide services other than just collections and sales. As a result, the OMESTI team is exploring the integration of eKYC, ML and blockchain capabilities as part of the SSK platform.



<http://myatm.com.my/>



During the period under review, MiHCM Asia Sdn Bhd, OMESTI's Digital HR partnership with MiHCM of Sri Lanka, again witnessed significant growth in the Southeast Asian territory whilst successfully overcoming the challenges inflicted by the global Pandemic.

In addition to the primary digital HR platform offered by MiHCM for Enterprise/Medium-sized organisations, MiHCM took the initiative to introduce three new stand-alone product lines during the year, namely:

- **MiHCM Lite** - the HR platform for small and medium businesses
- **MiA Workplace** - Virtual Assistant for Microsoft Teams and
- **MiHCM Analytics**

The MiHCM portfolio now carries four industry-leading products to assist organisations in their journey of transforming legacy HR to digital. As a priority Co-Sell Partner of Microsoft, MiHCM was guided and supported throughout by Microsoft's technical and sales teams.



**An additional significant component of the Group's portfolio is the continued focus on the development and deployment of Solutions-As-A-Service digital platforms.**

Key projects awarded during the period include:

- MiHCM's first GLC deployment in Malaysia, MSM Malaysia Holdings Bhd
- Lufthansa Technik, Philippines, MiHCM's first win in the aviation sector

Other significant successes have included a pioneer in unique retail experiences in Singapore, a prominent financial institution in Cambodia, a subsidiary of a major Myanmar holding company and a global logistics company providing courier services in Myanmar.

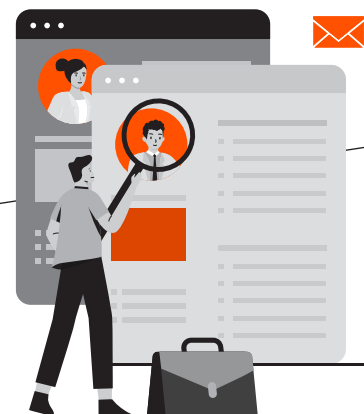
In addition to the above, projects were executed for many other customers across South East Asia in diverse industry verticals such as financial services, manufacturing, electronics, telco and digital agencies.

The business also onboarded additional partners, further strengthening its network across the region, including Microgenesis of Philippines, Ezecom of Cambodia, a premier internet provider and a subsidiary of The Royal Group (largest conglomerate in Cambodia), and Lighthouse in Singapore, a specialist in digital HR transformation.

With the aspiration of helping organisations globally shift from legacy HR to digital HR, MiHCM will continue to expand its partner network across the region while enhancing its product offerings.



<https://mihcm.com/my>



## DATA SERVICES



CRIF OMESTI Sdn Bhd, the credit reporting business of the Group, under its joint investment with CRIF of Italy, has successfully integrated with SSM (Syarikat Suruhanjaya Malaysia or Companies Commission of Malaysia) for several data sets:

- Company profile (ROC)
- Business profile (ROB) and
- Statutory documents and form (Idaman)

The system went live in June 2021.

The first digital report leveraging the SSM API source was also launched, offering online/instant access to Malaysian company profiles via the CRIF website. These online reports on Malaysian companies and businesses have also been extended to international users via CRIF and the Skyminder international platform, covering 220 countries around the world.

Additional initiatives already underway and being deployed include:

- **SME Business Boost Plan** – where SMEs can enjoy credit reporting services via an annual membership subscription model.
- **ASEAN Regional Report** - this provides Malaysian customers with online access to reports on ASEAN companies via the CRIF OMESTI website. Similarly, organisations across the rest of the world can access reports on Malaysian companies when they are looking at companies in ASEAN/Asia.

Other services include MY CRIF Report with credit score, MY CRIF Premium Report with litigation information, and more.



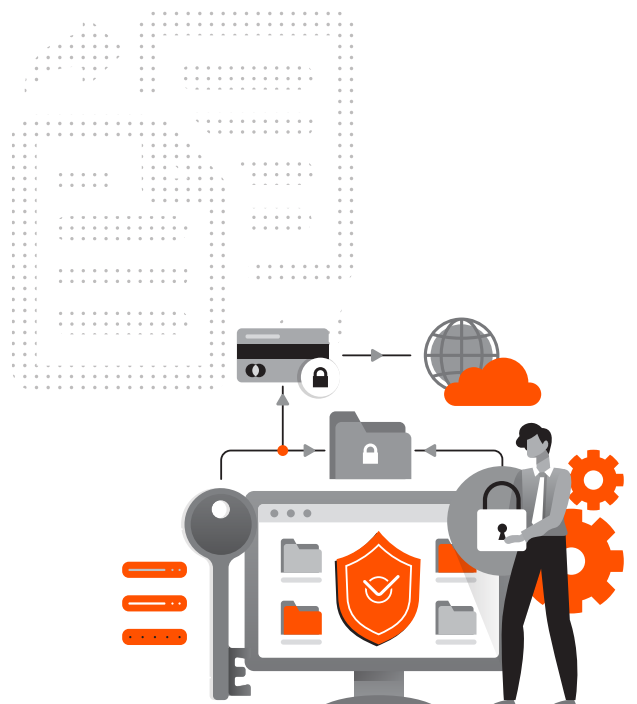
[www.crif.com.my](http://www.crif.com.my)

## OBJECTIVES & STRATEGIES

With the continued impact of the global Pandemic on the global economy, OMESTI has continued to focus on one of its core strengths: building solutions that allow organisations to work efficiently from multiple locations. This has also continued to push us internally to move away from repetitive, manual tasks and to use technology for our own operations. Such initiatives include replacing time-consuming, paper-based processes requiring physical signature with a secure, trackable digital signature solution.

The Group is focused on ensuring that its business ventures remain equipped to pursue, win and execute new projects, and to continue sustaining the business throughout the Pandemic and beyond. It is committed to achieving the continued successful delivery of its large-scale digital transformation projects, while driving development of cutting-edge technology solutions for evolving market sectors.

A key objective during the period has been for the Group to leverage its technology expertise to maximise the multiple emerging opportunities in the healthcare sector. This is being achieved through the formation of alliances with strategic partners. In addition to the healthcare sector, a particular initiative has been to ensure opportunities in Digital Courts and Data Services become a significant component of the Group's portfolio.



## MANAGING RISK

One of the most significant risks to the Group's business since the start of the Pandemic, and the outbreak of war in Ukraine, has been the unpredictable and sustained severe impact on the economy, not just in Malaysia but on a global level. This has caused multiple challenges for all businesses in terms of rising costs and supply chain disruption, resulting in the need to implement whatever measures possible in order to conserve cash and survive.

At OMESTI, a programme of stringent cost-cutting has been maintained, a measure which has enabled the Group to continue to provide employment for all staff, recognising as it does the vital importance of protecting not only lives but livelihoods.

An associated and critical risk continues to be talent acquisition. With many clients expediting digitisation initiatives, there remains a significant shortage of suitably qualified and experienced individuals available in the market. Demand for resources is high and people are still hesitant to switch jobs due to the ongoing uncertainty surrounding the fallout of the Pandemic. Many individuals have also refocused their career path to alternative, less traditional lines.

A further ongoing risk is the long lead times involved between first identifying a potential opportunity through the process of pre-qualification, formal tender, to contract negotiations and finally project award. These risks have been exacerbated by the global Pandemic, with many organisations adopting stringent cash conservation measures while deferring or even cancelling new projects. This has impacted several major projects in the Group's prospect pipeline. In mitigation, efforts are also very much focused on ensuring that a solid project pipeline is in place for the coming financial year in order to provide sustainable revenue for the Group.

Foreign exchange risk, especially in connection with procurement activity in foreign currencies, is also one of the principal risks facing the Group. To minimise the impact of any fluctuation of the Malaysian Ringgit, the Group and its subsidiaries utilise a policy of limiting the validity on price quotations and quoting wherever possible in US Dollars. The Group is also sourcing from local sources wherever practicable. Prompt collection from trade receivables continues to be a concern for the business in the current challenging market environment.

## REVIEW OF FINANCIAL PERFORMANCE

### FYE 31 MARCH 2022

Omesti Berhad reports its financial performance along four primary business segments, namely:



A snapshot of the Five-Year Financial Highlights for the OMESTI Group is presented on Page 34 of Volume 1 of this Annual Report.

## REVENUE

The Group revenue in the current financial year was RM305.29 million, an increase of 29.8% amounting to RM70.07 million, as compared to the previous financial year.

The Business Performance Services segment revenue for the financial year increased by 63.7% from RM137.96 million to RM225.84 million, mainly due to the higher order fulfilments.

The Digital & Infrastructure Services segment revenue for the financial year increased by 50.0% from RM0.04 million to RM0.06 million mainly due to higher rental billing.

The Trading Services segment revenue for the financial year increased by 7.2% from RM135.12 to RM144.84 million, mainly due to the higher order fulfilments.

The Healthcare Services segment revenue for the financial year is RM15.37 million.



## **COST & EXPENSES**

The cost of sales of the Group for the financial year was RM181.73 million, as compared to RM166.44 million posted in the previous financial year, representing an increase of 9.2%. The increase in the Group's cost of sales was in line with increased sales during the financial period.

The operating costs for the Group during the financial year under review were RM130.11 million, compared to RM106.25 million in the previous period. The higher operating costs in the current financial year were mainly due to higher depreciation costs and amortisation expenses and higher finance costs.

## **PROFIT BEFORE TAX**

The Group's profit before tax was RM1.31 million in the current financial year, as compared to RM8.30 million in the previous financial year. The Group's lower profit before tax was mainly due to contribution of loss from associates amounting to RM2.51 million, as compared to contribution of profit of RM6.58 million in the previous financial year.

## **LIQUIDITY & CAPITAL RESOURCES**

The Group's capital expenditure and working capital requirements have been financed by borrowings and internally generated funds from its business.

Cash and bank balances decreased by RM33.04 million to RM97.51 million in FYE 31 March 2022 as compared to RM130.55 million in FYE 31 March 2021. This was mainly due to the following:

- (i) Net cash from financing activities amounting to RM80.87 million during the current financial year; and
- (ii) Net cash used in investing activities amounting to RM131.98 million.

Total borrowings of the Group increased from RM83.61 million in FYE 31 March 2021 to RM154.80 million in FYE 31 March 2022. The increase was mainly due to drawdown of banking and share margin facilities.

## **OUTLOOK**

The ongoing challenges arising out of the global COVID-19 Pandemic and latterly the Ukraine/Russia war continue to have a significant impact on economic growth in Malaysia. However, according to research organisation IDC, growth for the IT and business services market is anticipated across the majority of ASEAN countries. Countries such as Indonesia, Malaysia, Philippines, and Thailand, will likely see marked improvements compared to their respective 2021 growth.

In 2022, the top 3 country contributors by market size are PRC (China) at 35.8%, followed by Australia at 18.9%, and India at 10.6%. The ASEAN market (Indonesia, Malaysia, Thailand, Singapore, Philippines, and Vietnam) is anticipated to contribute 18.1% of the IT and business services market in the year. In Malaysia, for example, the government's MyDIGITAL initiative remains a positive boost for the IT services market in the long run (e.g. government cloud migration plans, etc).

Whereas some developed countries are experiencing a tapering in IT managed services growth, the overall IT managed services market for ASEAN is forecasted to experience continued positive year-on-year growth from 2022 to 2026. The year-on-year growth for 2022 is anticipated to close at 7.0%, up from 5.9% in 2021. (<https://futurecio.tech/idc-outlines-drivers-of-it-services-in-asia-in-2022-and-beyond/>)

As such, the OMESTI Group remains optimistic on the outlook of the ICT industry. It is committed to pursuing opportunities in both its traditional and new business sectors including the government, judiciary, healthcare, financial services, telecommunications and utilities. In this environment, there is significant potential for the Group to be a leading innovation and transformation partner for all clients.

With its flexible and agile structure, combined with its diverse and talented resources, OMESTI has the bandwidth and commitment to help its clients continue to operate and grow, whether these organisations are SMEs (Small & Medium Enterprise), large-scale enterprises or government agencies.



As a leading technology solutions provider, OMESTI Berhad (OMESTI) aspires to ensure sustainability for all areas of its business activities. The integration of sustainability into all our operations is a continuous process.

In compliance with MMLR (Main Market Listing Requirements), our activities are measured based on the criteria detailed in the Global Reporting Initiative or GRI. These span social, economic and environmental factors that impact our business and, in turn, the communities where we operate. This includes making a full assessment of any material factors that may affect the sustainability of the Group's business and taking the necessary steps to mitigate those factors.

The factors considered, which span external and internal spheres of influence, are summarised below:

## EXTERNAL

### LEGISLATIVE

Impact of legislation on licence to operate

### TECHNOLOGICAL

Access to technology that is relevant to our business

### COMPETITION

Strength or otherwise against competitive firms

### SOCIAL

Availability and skills levels of suitable workforce; immigration restrictions on recruitment of international talent

### POLITICAL

Impact of political upheaval on business

### FINANCIAL

Access to affordable financing when required

### ECONOMIC

General market conditions

### SUPPLY CHAIN MANAGEMENT

Supplier availability and capability to meet our requirements

## INTERNAL

### GOVERNANCE & STRUCTURE

The various codes of practice that set the boundaries and guidelines for our operations

### LEGAL COMPLIANCE

Environment of increasing regulatory requirements

### POLICIES & STRATEGIES

Clarity of business vision and objectives and the resources needed to achieve them

### CAPACITY & CAPABILITY

Extent and expertise of our resources to be able to deliver our goals

### SYSTEMS & STANDARDS

Robust framework of operating procedures and systems including accounting and finance, etc

### STYLE & CULTURE

The character of the organisation, management and leadership style and decision-making processes

### INTELLECTUAL PROPERTY

The steps needed to safeguard our Intellectual Property from a technology and contractual perspective

By assessing the impact of these key non-financial metrics on our business operations, we are able to highlight areas where our sustainability management and business processes can be strengthened. They also provide a basis on which we can continually improve our reporting to better meet the expectations of our stakeholders.

Key focus areas that are of the greatest significance for the OMESTI Group can be defined as:

The OMESTI Board has oversight responsibility for the delivery of sustainable value to stakeholders and this is achieved through implementation of the principles, policies, objectives and strategies of the Group and all its subsidiaries.



### ECONOMIC

- Ethical Conduct
- Legal & Regulatory Compliance
- Product Development & Innovation
- Client Satisfaction & Engagement
- Brand & Reputation
- Profitability



### SOCIAL

- Talent Attraction & Retention
- Employee Health & Wellbeing
- Diversity
- Community Investment



### ENVIRONMENT

- Energy & Resource Utilisation
- Procurement & Supply Chain Management

These factors are ranked by virtue of their importance to our operations as follows:

	Critical	High	Moderate
<b>Economic</b>			
Ethical Conduct		●	
Legal & Regulatory Compliance	●		
Product Development & Innovation	●		
Client Satisfaction & Engagement		●	
Brand & Reputation		●	
Profitability		●	
<b>Social</b>			
Talent Attraction & Retention		●	
Employee Health & Wellbeing		●	
Diversity			●
Community Investment			●
<b>Environmental</b>			
Energy & Resource Utilisation		●	
Procurement & Supply Chain Management	●		



## ECONOMIC

One of the highest priorities during the period has been to ensure that OMESTI Group can continue to operate in spite of the ongoing economic impact of the COVID-19 Pandemic which has seen significant delays in a number of key projects being awarded.

As such, cash conservation has been paramount and measures have been implemented across the organisation to protect the business. Such measures have enabled the Group to continue to operate without the need for reduction of headcount.

### CODE OF CONDUCT & ETHICS

The Group is fully committed to conducting its businesses in compliance with local laws and regulations and with the utmost integrity, transparency and accountability. A code of conduct and ethics, which is included in our respective Group employee handbooks, sets out the standards of conduct and personal behaviour that all our Directors and employees are required to observe to ensure that the Group's commitment is upheld. This code of conduct can be found on our website at <https://omesti.com/policy/>.

### ANTI-BRIBERY & CORRUPTION

The Group firmly believes in operating its businesses based on the highest standards of integrity, transparency, ethics and accountability and is against corruption in all its forms. Our code of conduct and ethics sets out the Group's business values and practices by which all our Directors and employees are required to abide.

The Malaysian Anti-Corruption Commission (MACC) Act, Section 17A, mandates business to be conducted with integrity and to promote good governance practices. Commercial organisations are also liable and can be punished if their employees or associates are involved in corruption. The Group's Anti-Bribery & Corruption (ABC) Policy sets out clear requirements in order to ensure strict compliance with the Act.



<https://omesti.com/policy/>

Mandatory briefings and familiarisation training are conducted with Directors, management and employees at all levels of the Group. The following key elements are rigorously emphasised:

- The need for all businesses in the Group to establish an anti-corruption compliance programme;
- The requirement to report audit results and reviews directly to the Board;
- The practice of conducting corruption risk assessments periodically, to identify opportunities for corruption including systems that are not sufficiently robust, high-risk business activities, and supply chain corruption;
- The requirement to conduct regular performance reviews to assess and strengthen the system; and
- The fact that there will be vigorous enforcement and sanctions for non-compliance.

The briefings also cover Anti-Money Laundering, highlighting the need to understand the business and background of counterparties and to avoid complicated payment arrangements.

The Group also has in place a Group-wide whistle-blowing policy with mechanisms to enable employees and external parties to confidentially report any breach, or suspected breach, of any law or of our policies and practices.

All these policies can be found on our website at <https://omesti.com/policy/>.





## **ECONOMIC**

### **INNOVATION & TECHNOLOGY DEVELOPMENT**

Our mission is to be an Innovation Partner for our clients, enabling them to achieve their digital transformation goals. A strong focus on helping clients move from traditional, manual legacy systems to a digital environment is therefore a major component of our strategy.

As a technology-first organisation, it is therefore vital that a significant proportion of our resources is allocated to the research, development and commercialisation of future-ready digital solutions to ensure that our business remains relevant.

As such, our dedicated Innovation Team holds responsibility for identifying upcoming digital technology trends and developing the required solutions to complement our portfolio, either through in-house development or in partnership with subject matter experts. The team comprises experienced business analysts, solution architects and developers with diverse technology skills and experience.

### **VIGILANT RISK MANAGEMENT**

Risk management is crucial in sustaining the Group's continuing growth and the Board, the Audit & Risk Management Committee and the senior management team work to identify, evaluate and formulate procedures to manage the risks affecting the Group's businesses.

### **DATA PROTECTION & CYBER RISK**

The rapid digital adoption driven by the COVID-19 Pandemic has increased the risks associated with cyber-security and customer privacy. It is therefore vital to ensure that our IT systems, networks, applications and personal data are adequately protected against cyber-threats to ensure our operations can be carried out without disruption and to prevent loss of sensitive and confidential data.

The Group recognises the presence of threats to the Group's data being accessed via unauthorised means, and the Group will constantly strive to protect the confidentiality and integrity of our customers and stakeholders' information.

The Group continues to improve the resilience of our technology infrastructure and competency of IT personnel to enhance the cyber-security controls on the IT systems and applications, and also to raise awareness among employees regarding cyber-security issues.

As such, our IT team has actively conducted testing on cyber-security risks and sends out alerts to staff on new security threats as and when they arise.

### **CLIENT SATISFACTION & ENGAGEMENT**

The Group understands that client satisfaction and engagement are important material issues that have an impact on our reputation, brand and opportunity for repeat business. Given that many of our technology solutions are customised to meet specific client requirements, it is vital that we understand the market conditions where those clients operate. We therefore engage in regular communication with our clients, conducting product briefing sessions and seminars where applicable.





## SOCIAL

### TALENT ATTRACTION & RETENTION

A major sustainability issue faced by all industry sectors in Malaysia today is the recruitment and retention of employees at all levels, who are equipped with the appropriate mix of skills for the working world, particularly with regards to the graduate population. This situation has been further exacerbated during the financial year ended (FYE) 31 March 2022 due to the continued impact of the COVID-19 Pandemic on the availability of appropriate talent.

Our approach remains that of placing strong emphasis on creating and maintaining a safe and supportive work environment that is conducive to empowering talented individuals to achieve their full potential. The size and range of activities covered by our organisation provides an extensive cross-section of opportunities for employees to build their skills portfolio and broaden their experience.

The agile and open nature of the organisation in terms of hierarchical structure means that employees are able to interact with colleagues at all levels of the Group without reservation or strict formality. Regular online communication with employees has also become an important part of the work pattern in order to ensure an inclusive experience.

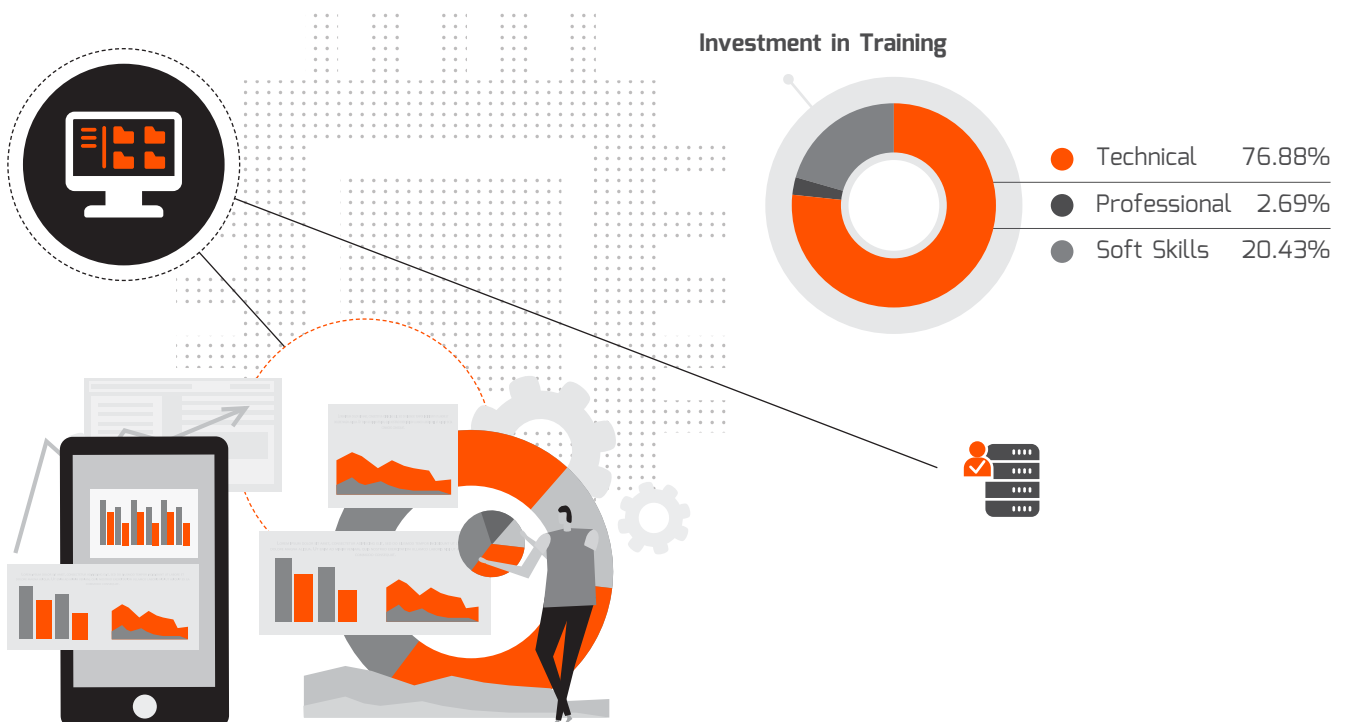
### TRAINING & DEVELOPMENT

Relevant training and development in professional and technical skills forms an important component of employee progress and is incorporated into their Annual Key Performance metrics. Employees in all divisions of the Group receive training in areas pertaining to their function and/or technical discipline.

Relevant employees also receive ongoing training on the latest legal and regulatory requirements, such as updates to the Employment Act, the Competition Act, the Malaysian Code on Corporate Governance and taxation laws. Leadership and coaching programmes are also provided from time to time to strengthen management skills.

Onboarding training is provided by respective department leaders to focus on topics that address employees' needs and provide them with easy access to information and skills they need to deliver their job efficiently. The Group provides occupational health and safety and soft skills training, including leadership and team-building, as appropriate.

During this reporting year, the Group invested a total of RM163,850.00 in training and development for OMESTI Berhad employees.





## **SOCIAL**

### **TALENT MANAGEMENT & MANPOWER SUCCESSION PLANNING**

One of the most important aspects of our human capital development strategy is to actualise the Group's forward plans. The Group has in place succession planning for its next generation of leaders and provides mentoring, coaching and talent development. The ultimate goal is to ensure the placement of the right talent for the right job at the right time, as well as to ensure leadership readiness for the key positions.

### **EMPLOYEE HEALTH & WELL-BEING**

We recognise that our employees are the driving force of a strong business. We firmly believe that a motivated, energised workforce delivers value to the organisation and to our stakeholders. We focus on promoting a healthy outlook and encourage employees to explore new/different concepts and ideas/activities to broaden their thinking.

### **ENSURING SAFER WORKING ENVIRONMENTS**

We are committed to conducting our businesses in a way that protects the health and safety of our employees. In light of the COVID-19 situation, the physical health and mental well-being of employees has been of paramount importance. Strict adherence to Government-mandated Standard Operating Procedures (SOPs) with Work-From-Home (WFH) measures have been implemented in order to minimise exposure to risk of infection.

The key measures implemented during the period included:

- Temperature screening before entering the work premises;
- Scanning "MySejahtera" application for contact tracing purposes;
- Work rotation schedules to maximise social distancing;
- Limited access to visitors at office premises unless absolutely necessary;
- Learning and development programmes held online where possible;
- Frequent cleaning and disinfection of workplace.

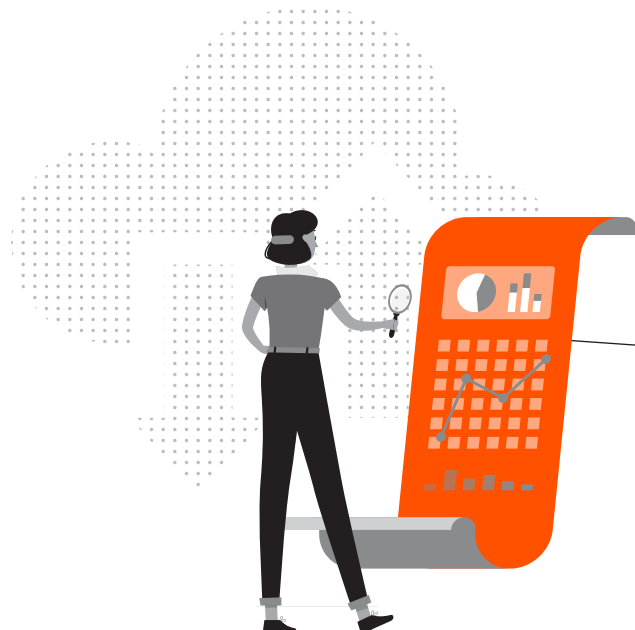
Maintaining peak operational levels under these circumstances placed considerable strain on the mental well-being of employees, especially those having to juggle their workload with parental duties while working from home. Employees have been encouraged to reach out for emotional support when needed, with reassurance provided that they are able to do so without fear of judgment or discrimination.

As part of the drive to quickly protect our employee population against COVID-19 infection, the Group also participated in a company-wide COVID-19 Vaccination Drive, with the cost of vaccination for employees funded by the Group.

### **UPHOLDING LABOUR PRACTICES & EMPLOYEE RIGHTS**

OMESTI Group operates in accordance with a zero-tolerance policy against discrimination in any form. The Group is committed to treating its employees fairly and with dignity and respect. All employees have access to a grievance mechanism to raise concerns related to workplace practices.

The Group complies with all applicable labour laws, rules and regulations where it operates, including the Malaysian Employment Act 1955, Industrial Relations Act and regulations governing key issues, such as child labour and forced labour.



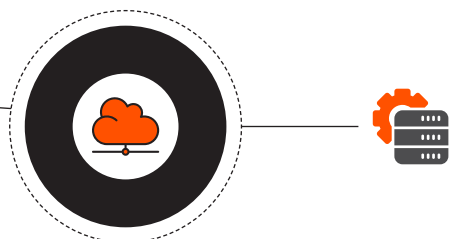
## Sexual Harassment & Violence

The Group recognises the importance of raising awareness of sexual harassment and violence to promote a supportive culture, which encourages the reporting of incidents for complaints to be addressed appropriately and to support a safer working environment for all employees. The Group is committed to provide adequate attention to the ethics and conduct of all employees in connection with sexual harassment and violence.

## Compensation & Benefits

The workforce is the Group's greatest asset and as part of our policy to care for the well-being of our employees, the Group provides the customary benefits and packages as follows:

- **Insurance/Medical Coverage**
  - Personal accident and hospitalisation insurance coverage to all permanent and contract employees
  - Director and officer liability insurance for Directors and principal officers
- **Benefits mandated by law**
  - Adherence to minimum wage rules
  - Annual leave, maternity/paternity leave, medical and hospitalisation leave
  - Contribution to statutory funds such as EPF, SOCSO, EIS and HRDF
- **Other discretionary benefits**
  - Performance bonus and increments
  - Travelling allowance and mileage claims
  - Study leave, compassionate leave and others



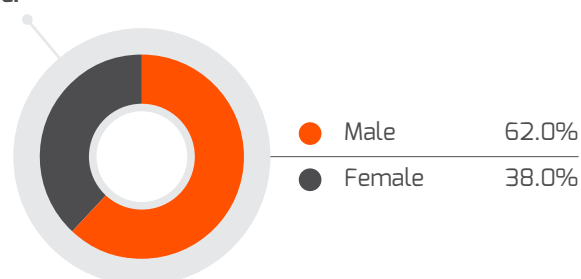
## DIVERSITY

The OMESTI Group practises a policy of full inclusion and diversity. This applies at all levels of the organisation including at Board level. This ensures the broadest possible range of perspective and experience is available to the organisation at all times. Appointments, promotions and other employee-related decisions are made solely on the basis of suitability of skills, experience and performance.

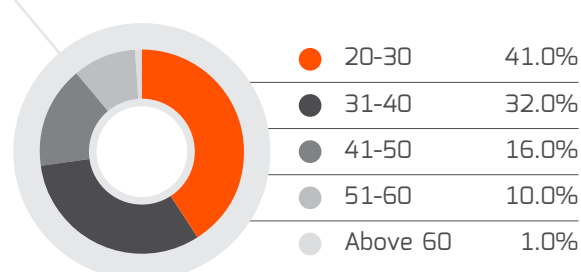
Our employee population comprises a well-balanced team of some 250 individuals, with a range of diverse technical and professional skills that is results-oriented and focused on achieving the highest standards of excellence.

In terms of ethnic mix, a person's racial background is of no significance to us and we are therefore colour-blind when recruiting employees. The racial mix within the Group follows that of the national population.

### Gender



### Age







## SOCIAL

### COMMUNITY INVESTMENT

Since the outbreak of the COVID-19 Pandemic and subsequent MCOs, our community engagement activities have, by necessity, been severely curtailed. However, employees have been encouraged to support local ventures and small businesses in their own communities in whatever way possible while ensuring compliance with SOPs.

On a Group level, as part of our ANAHO Foundation activities, we provided COVID-19 vaccinations for a group of 32 youngsters aged 12-18 years old who are under the care of the Yayasan Chow Kit Youth Division. YCK works to support individuals who may not be eligible for services under the National Immunisation Programme and other government bodies.

The vaccination campaign was organised in partnership with True Care Clinic at KL Eco City, with the requisite number of SinoVac vaccine doses being provided by OMESTI Healthcare company Bemed Tempua Sdn Bhd. The monetary value of the campaign totalled some RM7,040.00.

Other community engagement activities included regular volunteer sessions by OMESTI employees at Kebun Kebun Bangsar, the urban community agriculture project which supports underprivileged communities through donations of the fruit and vegetables grown at the centre.

Our support of sports activities that promote youth development has also continued with a total of RM250,000 being donated to the Squash Racquets Association of Malaysia (SRAM) as general sponsorship for the year 2021. During that year, SRAM organised several Professional Squash Association (PSA) tournaments locally as well as holding the Malaysian Open 2021 and the Asian Team Championships 2021.

Once the transition to endemicity in Malaysia is complete, the initiatives under our ANAHO Community Investment programme to provide underprivileged children with positive educational experiences will continue.







## ENVIRONMENTAL

### PROCUREMENT & SUPPLY CHAIN MANAGEMENT

We are committed to minimising our carbon footprint. Wherever possible, we source the materials, supplies and equipment required for our business operations from locations that offer the least impact on the environment, while continuing to ensure that we maintain our ability to operate and meet our customers' requirements in a timely and cost-efficient manner.

We also consolidate our purchasing activities to ensure economies of scale, both in terms of expenditure and logistics. This activity has been further enhanced during the period under review following further restructuring and realignment of parts of the Group's operations.



### ENERGY & RESOURCE UTILISATION

As a Group, we aim to minimise our energy consumption through mindful usage of energy and resources. With the majority of our operations now operating out of one centralised location, we have been able to reduce resource consumption in several areas. In addition, the introduction of employee rotation schedules has also made it possible to reduce energy consumption at our office premises.

The adoption of cloud usage for a substantial proportion of our operations has also reduced the requirement for server rooms, which can add to cost, both in terms of space utilisation and energy consumption.

We practice stringent recycling across the Group and campaigns are also held during the year where employees are encouraged to upcycle preloved items for donation to underprivileged communities.



### CONCLUSION

In the coming financial year, the Group will continue to conduct a comprehensive materiality assessment via interface with its key internal and external stakeholders in order to ensure that all non-financial factors that pose a risk to the sustainability of the Group's businesses are understood and that measures are taken to mitigate any such risks.



**As a Group, we aim to minimise our energy consumption through mindful usage of energy and resources.**